



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 6, 2010

CERTIFIED RETURN RECEIPT

7005 2570 0000 4801 6065

Kimmerle Mining LLC
Kyle Kimmerle
2056 Plateau Dr
Moab, Utah 84532

Subject: Review of Reclamation Surety, Kimmerle Mining LLC, Neighbor 2, S/037/0119, San Juan County, Utah

Dear Mr. Kimmerle:

The reclamation surety estimate for the Neighbor 2 mine was calculated in 2005 and escalated three years to 2008. It needs to be adjusted to account for changes in reclamation costs.

Based on average reclamation costs, the surety amount needs to be increased to \$11,800 for a three-year escalation or \$11,900 for a five-year escalation. The average reclamation costs are outlined below:

Project Name S/037/0119 Neighbor 2

3-year escalation (2013)

Item	Qty	Unit Cost	Total Cost
1st Acre Disturbance	1	\$7,400.00	\$7,400.00
Add'l Acres Disturbance	1	\$4,400.00	\$4,400.00
TOTAL	2		\$11,800.00

5-year escalation (2015)

Item	Qty	Unit Cost	Total Cost
1st Acre Disturbance	1	\$7,500.00	\$7,500.00
Add'l Acres Disturbance	1	\$4,400.00	\$4,400.00
TOTAL	2		\$11,900.00

Kimmerle Mining LLC

Page 2 of 2

S037/0119

October 6, 2010

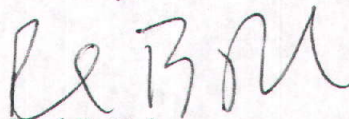
Please contact the bond coordinator, Penny Berry, at 801-538-5291 or by e mail at bondcoordinator@utah.gov for information about submitting the additional bond. Your current bond is in the form of certificate of deposit. You may increase the amount of money in the existing CD, submit another CD for the increased amount, or submit a letter of credit, cash or a surety bond for either the increased or total amount. Bonding forms are available on the Internet at <http://www.ogm.utah.gov/minerals/MINERALSFORMS.htm>.

As an alternative to increasing the surety amount, the reclamation liability can be decreased by reclaiming a portion of the site and amending the Notice of Intention to Commence Small Mining Operations to show the decreased acreage. If you decide to pursue this option, please contact the lead inspector Tom Munson at 801-538-5321. The Division would need to continue to hold adequate surety for the reclaimed area while vegetation is becoming established.

Please provide the additional surety or perform the reclamation no later than December 4, 2010.

Thank you for your help in keeping the surety current. If you have any questions concerning this letter, please contact me at 801-538-5261.

Sincerely,



Paul B. Baker

Mining Program Manager

PBB:tm:pb

cc: marie_mcgann@blm.gov

David_skinner@blm.gov

P:\GROUPS\MINERALS\WP\M037-SanJuan\S0370119-Neighbor\bond\escalate-10042010.doc